

Daily Newswatch

Market Review

The FBMKLCI rose on the back of bargain hunting activities on heavyweight counters in line with rise on market. Market breadth was positive with 489 gainers and 481 losers. The telco sector was the top gainer increasing by +1.39%, while the healthcare sector was the top loser declining by -0.69%. NESTLE (4707) was the top gainer surging by RM0.90 or +0.70%. The FBMKLCI rose by +0.45% to 1,451.72.

Economics

- **France** and EDF reaches agreement on electricity pricing
- **Global sugar shortfall** predicted for 2023/24 crop year - CovrigAnalytics

Companies

- **Malakoff (5264)** enters agreement to install solar photovoltaic systems at Gas Malaysia sites
- **JF Tech (0146)** collaborates with Shenzhen HFC to aim for comprehensive solution provision
- **Reservoir Link (0219)** purchases SAG Renewables for RM10.5mil
- **Matrix Concepts (5236)** obtains RM512mil in financing from AmBank
- **Priceworth (7123)** secures contract worth RM13.84mil

Expresso for the Day

- **Technical Watch – REDtone (0032)** Entry Price: RM0.81, Target Price: RM0.89, Stop Loss: RM0.69, Support: RM0.77, Resistance: RM0.81
- **Technical Watch – Pensonic (9997)** Entry Price: RM0.77, Target Price: RM0.85, Stop Loss: RM0.66, Support: RM0.73, Resistance: RM0.77

Local	Close	(%)
FBMKLCI	1,451.7	0.45
Volume (mil)	3,077.4	(3.69)
Value (RM'mil)	1,767.7	9.75
Gainers	489	
Losers	481	
Unchanged	401	

Foreign	Close	(%)
Dow Jones	34,827.7	1.6
Nasdaq CI	14,094.4	2.1
S&P 500	4,495.7	1.8
FTSE 100	7,440.5	1.1
Nikkei 225	32,695.9	(0.3)
Shanghai CI	3,056.1	0.6
HSI	17,396.9	1.1
STI	3,104.7	0.0

Most Active	RM	Chg (RM)
WIDAD	0.460	0.005
SHCHAM	0.400	0.080
LEFORM	0.255	0.000
SCIB	0.595	0.000
MYEG	0.790	0.010

Top Gainer	RM	Chg (RM)
NESTLE	122.600	0.900
PPB	14.580	0.160
PETRONM	4.700	0.150
RALCO	0.910	0.125
MPI	26.900	0.100

Top Loser	RM	Chg (RM)
RAPID	25.080	(0.200)
MCEMENT	3.840	(0.120)
YOGB	1.780	(0.070)
TEXCYCL	0.675	(0.065)
RVIEW	3.150	(0.050)

Other Stats	RM	(%)
USD/MYR	4.72	0.22
USD/RMB	7.25	(0.45)
Brent (USD/barrel)	82.47	1.28
Gold (USD/troy oz)	1,963.17	1.24
CPO (RM/metric t)	3,671.00	0.37

Daily Newswatch

Economics

FRANCE: The French government and EDF have struck a compromise deal on nuclear power prices, agreeing on an average reference level of 70 euros per megawatt hour (MWh). This agreement aims to ensure EDF's profitability for future investments while shielding consumers from significant bill increases. The negotiations, which concluded months of tension, resolved EDF's desire to maximize revenue with the government's goal of maintaining reasonable electricity costs for households and businesses in France. (Reuters)

COMMODITIES: Global sugar production is projected to fall short by 2.4 million metric tons of anticipated consumption in the 2023/24 crop year, with increased production in Brazil, Russia, and China unable to offset significant losses in India and Thailand due to insufficient humidity affecting crops. CovrigAnalytics raised its supply deficit estimate to 200,000 tons, expecting global sugar production to decline to 187.5 million tons. Despite China's 440,000-ton reduction in sugar demand, concerns persist about depleting low stocks, and the report suggests that sugar futures prices may remain relatively stable, with importing countries facing challenges in purchasing sugar at current high levels. (Reuters)

Companies

Malakoff Corporation Berhad (5264), through its wholly owned subsidiary Malakoff Radiance Sdn Bhd, has sealed a solar power purchase agreement (SPPA) with Gas Malaysia Berhad, underlining its dedication to ensuring widespread access to sustainable energy. This agreement involves establishing, operating, and maintaining solar photovoltaic systems at three Gas Malaysia sites, including their headquarters in Shah Alam, Selangor, the southern regional office in Pasir Gudang, Pahang, and the eastern regional office in Gebeng, Kuantan. Malakoff plans to set up electric vehicle (EV) charging stations at Gas Malaysia HQ and Gas Malaysia on Jalan Gurney in Kuala Lumpur. (The Edge)

JF Technology Berhad (0146) has formed a joint venture with Shenzhen HFC Co Ltd, establishing HFC Tech Sdn Bhd, a new joint venture company in Malaysia. The company's focus will involve activities such as designing and manufacturing electromagnetic interference (EMI) shielding materials, thermal interface materials, and absorbing materials. This partnership was formalized through their wholly-owned subsidiaries, JF International Sdn Bhd (JFI) and HFC Industry HK Ltd (HFCI). (The Edge)

Reservoir Link Energy Berhad (0129) is set to acquire SAG Renewables Sdn Bhd (SAGR) for RM10.5 million. Through its subsidiary, Reservoir Link Renewable Sdn Bhd, RLEB is finalizing the purchase of one million shares, signifying a complete 100% equity stake in SAGR from SAG Green Tech Sdn Bhd. This acquisition presents an opportunity for RLEB to broaden its revenue-generating assets significantly. (The Star)

Matrix Concepts Holdings Berhad (5236) has obtained a RM512 million financing from AmBank Group to aid the development of a prime housing project covering 1,382.2 acres within Malaysia Vision Valley 2.0 (MVV 2.0) in Sendayan, Negeri Sembilan. This venture, valued at RM7 billion, will be executed through an 85:15 joint venture partnership between Matrix Concepts' subsidiary MHC Development (NS) Sdn Bhd and NS Corporation, forming N9 Matrix Development Sdn Bhd. The project will encompass residential, commercial, and retail components. (The Edge)

Priceworth International Berhad's (7123) subsidiary, Maxland Bina Sdn Bhd, has secured a contract worth RM13.84 million from Integrated Marine Works Sdn Bhd (IMW). This contract involves Maxland Bina serving as the sub-contractor for maintenance dredging works at Northport and Southpoint wharves frontage (Wharves 1 to 25), including the marine base at Pulau Indah, Port Klang. (The Star)

REDtone Digital Berhad

Bloomberg: RIB MK | KLSE Stock Code: 0032

Technical Watch

“BUY on Potential Upside”

Company Overview

REDtone Digital Berhad provides telecommunications and digital infrastructure services. The Company offers data, voice, and managed telecommunications network services to government and enterprises. REDtone Digital serves customers in Malaysia.

Investment Highlights

On a sideways, the stock is currently trading above the MA20. We think there is a potential upside supported by a marubozu with a strong momentum on the stock (RSI > 70).

Expanding Bollinger Bands suggest higher volatility and higher potential upside moving forward. Trading within the 2SD, we project a 10% upside to the current price and expect EMA and SMA to hold moving forward.

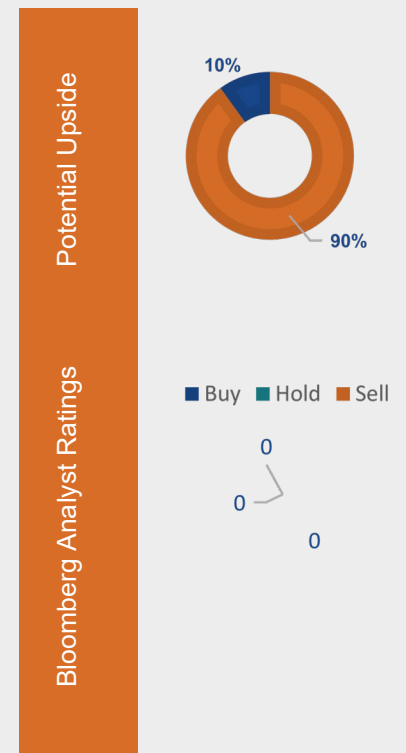
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	8.3	17.4	27.0
P/B	1.7	1.6	1.9
P/CF	10.3	20.6	22.5
P/S	2.1	1.7	1.8

Entry Price	RM0.81
Market Cap (m)	RM626.1
52w high	RM0.81
52w low	RM0.44
Stop Loss	RM0.69
Immediate Support	RM0.77
Immediate Resistance	RM0.81 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	1,800,286.0

Main Market

Telecommunications & Media
 Subsector – Telco Service
 Providers
 Current Price: RM0.81
 Target Price: RM0.89



Pensonic Holdings Berhad

Bloomberg: PSN MK | KLSE Stock Code: 9997

Technical Watch

“BUY on Potential Upside”

Company Overview

Pensonic Holdings Berhad is an investment holding company. The Company, through its subsidiaries, manufactures, assembles, and retails electronic products and electrical home appliances.

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by marubozu with a strong momentum on the stock (RSI > 75).

Expanding Bollinger Bands suggest higher volatility and higher potential upside moving forward. Trading within the 2SD, we project a 10% upside to the current price and expect EMA and SMA to hold moving forward.

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	6.3	13.2	23.3
P/B	0.5	0.5	0.5
P/CF	4.7	4.8	6.2
P/S	0.2	0.2	0.2

Entry Price **RM0.77**

Market Cap (m) **RM96.8**

52w high **RM0.81**

52w low **RM0.42**

Stop Loss **RM0.66**

Immediate Support **RM0.73**

Immediate Resistance **RM0.77 (Previous high)**

Moving Average (EMA) **Bullish**

Moving Average (SMA) **Bullish**

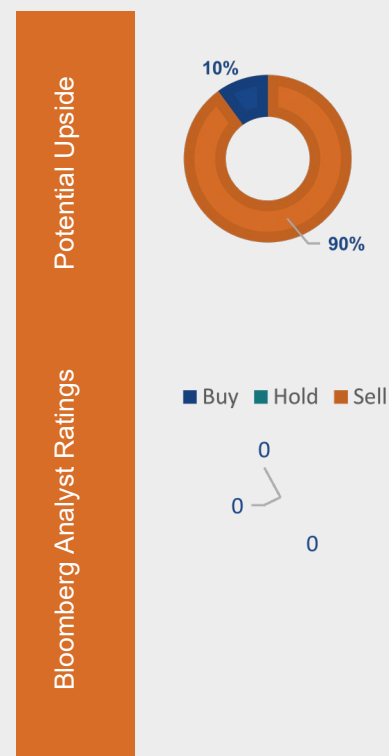
Bollinger Bands (Long Run) **More volatile over the long run**

RSI **Strong momentum**

Volume (4-Weeks Average) **14,200.0**

Main Market

Consumer Products & Services
Subsector – Household Goods
Current Price: RM0.77
Target Price: RM0.85





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
18/10/2023	QLResources	7084	5.55	5.600	4.745	6.105	0.000	0.9	-
18/10/2023	Tasco	5140	0.825	0.810	0.705	0.908	0.000	-1.8	-
19/10/2023	EATECH	5259	0.330	0.305	0.280	0.360	-4.688	-7.6	TP Achieved
19/10/2023	FPI	9172	2.910	2.950	2.760	3.200	1.724	1.4	-
20/10/2023	LiiHen	7089	0.930	0.940	0.800	1.020	-0.529	1.1	-
20/10/2023	MalayCement	3794	3.650	3.840	3.120	4.020	-3.030	5.2	TP Achieved
23/10/2023	CitaGlobal	7245	1.530	1.620	1.310	1.680	0.621	5.9	-
23/10/2023	Tomei	7230	1.240	1.160	1.060	1.360	-1.695	-6.5	-
24/10/2023	MPI	3867	26.960	26.900	23.050	29.660	0.373	-0.2	-
24/10/2023	Greatec	0208	4.280	4.670	3.660	4.710	1.082	9.1	TP Achieved
25/10/2023	PWF	7134	0.730	0.720	0.620	0.800	0.000	-1.4	-
25/10/2023	Solarvest	0215	1.260	1.260	1.080	1.390	-0.787	0.0	-
26/10/2023	Greatec	0208	4.500	4.670	3.850	4.950	1.082	3.8	-
26/10/2023	D&O	7204	3.220	3.430	2.750	3.540	1.180	6.5	-
27/10/2023	Tomei	7230	1.230	1.160	1.050	1.350	-1.695	-5.7	-
27/10/2023	Genetec	0104	2.510	2.440	2.150	2.760	0.826	-2.8	-
30/10/2023	Teo Seng	7252	1.340	1.350	1.150	1.470	2.975	0.7	-
30/10/2023	ChinHin	5273	3.890	3.760	3.330	4.260	0.267	-3.3	-
31/10/2023	Westports	5246	3.410	3.500	2.920	3.750	1.156	2.6	-
31/10/2023	PESTECH	5219	0.360	0.330	0.310	0.396	0.000	-8.3	-
1/11/2023	Jetson	9083	0.270	0.295	0.230	0.290	-1.667	9.3	TP Achieved
1/11/2023	PJBumi	7163	0.960	0.930	0.820	1.050	0.541	-3.1	-
2/11/2023	Nationgate	0270	1.190	1.210	1.020	1.310	0.000	1.7	-
2/11/2023	GasMsia	5209	3.380	3.350	2.890	3.720	0.000	-0.9	-
3/11/2023	Padini	7052	3.970	3.930	3.390	4.370	0.000	-1.0	-
3/11/2023	YTLPOWER	6742	2.290	2.260	1.960	2.520	2.727	-1.3	-
6/11/2023	Samaiden	0223	1.150	1.170	0.980	1.270	-0.847	1.7	-
6/11/2023	GENP	2291	5.450	5.580	4.660	5.990	0.904	2.4	-
7/11/2023	PIE	7095	3.170	3.180	2.710	3.490	0.315	0.3	-
7/11/2023	Kerjaya	7161	1.480	1.500	1.270	1.630	0.671	1.4	-
8/11/2023	Hartalega	5168	2.330	2.280	1.990	2.560	-2.564	-2.1	-
8/11/2023	MRDIY	5296	1.580	1.520	1.350	1.740	-2.564	-3.8	-
9/11/2023	ALLIANZ	1163	16.720	16.760	14.300	18.390	-0.593	0.2	-
9/11/2023	Kperangsang	5843	0.840	0.800	0.720	0.920	0.629	-4.8	-
10/11/2023	HupSeng	5024	0.800	0.780	0.680	0.880	-0.637	-2.5	-
10/11/2023	Toyoven	7173	1.430	1.370	1.220	1.360	-2.837	-4.2	-
14/11/2023	Mflour	3662	0.700	0.680	0.590	0.770	-2.158	-2.9	-
14/11/2023	IGBB	5606	2.350	2.360	2.010	2.590	0.426	0.4	-
15/11/2023	RedTone	0032	0.810	0.810	0.690	0.890	10.204	0.0	-
15/11/2023	Pensonic	9997	0.770	0.770	0.660	0.850	10.791	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM BERHAD	TELCO	5.14	0.73	14.18
UOA DEVELOPMENT BERHAD	PROPERTY	1.72	0.20	11.63
HEKTAR REITS	REITs	0.60	0.06	10.33
MBM RESOURCES BHD	CONSUMER	4.19	0.39	9.38
YTL HOSPITALITY REIT	REITs	1.03	0.09	9.13
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.10	0.74	8.16
BERMAZ AUTO BERHAD	CONSUMER	2.47	0.19	7.85
TALIWORKS CORPORATION BHD	UTILITIES	0.86	0.07	7.84
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.90	0.07	7.82
UOA REITS	REITs	1.10	0.09	7.82
SCICOM (MSC) BHD	IND. PROD.	1.07	0.08	7.48
CAPITALAND MALAYSIA TRUST	REITs	0.55	0.04	7.45
SENTRAL REIT	REITs	0.84	0.06	7.43
KIM LOONG RESOURCES BHD	PLANTATION	1.90	0.14	7.37
SPORTS TOTO BERHAD	CONSUMER	1.48	0.11	7.36

Source: Bloomberg

User guide: Mercury Securities compiles a list of dividend-yielding stocks for conservative long-term passive investors looking for regular income whilst capping downside risk of their investment.

Methodology: The list above includes stocks that have a high dividend yield, estimated to be greater than 4% per annum. These stocks also have a history of paying dividends consistently, having paid dividends for the past 3 years.

Sectorial Valuation

The chart below depicts the performance of the respective KLCI sectors over a five-year period including the current and forward P/E. The sector's performance is ranked against each other based on absolute returns for that particular year. The user can track the historical performance of respective sectors. The user will also be able to identify sector value based on the current P/E and the corresponding 5-year high, low and average P/E.

Index	Return (%)		Valuation P/E (x)			
	YTD		5-Years			Current
		High	Low	Average		
KLCI	(2.9)	24.2	17.0	18.8	14.6	13.1
Finance	(1.1)	13.0	10.2	12.4	10.2	9.8
Property	32.2	25.1	7.4	11.3	9.9	#N/A N/A
Plantation	(1.9)	95.5	14.2	36.8	14.2	17.0
Consumer	(5.1)	22.5	16.2	21.8	16.2	14.2
Technology	(1.4)	48.6	22.5	27.0	27.0	23.1
Construction	22.2	36.8	16.2	19.2	16.2	11.6
Energy	10.5	10.2	-	-	10.2	9.7
Healthcare	(2.1)	36.1	23.8	29.9	23.8	31.5
Ind. Prod.	(4.7)	24.9	14.7	21.9	14.7	14.2
REIT	1.3	13.9	-	-	13.9	15.4
Telco	(1.8)	29.8	19.8	24.8	29.8	21.6

Source: Bloomberg

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